

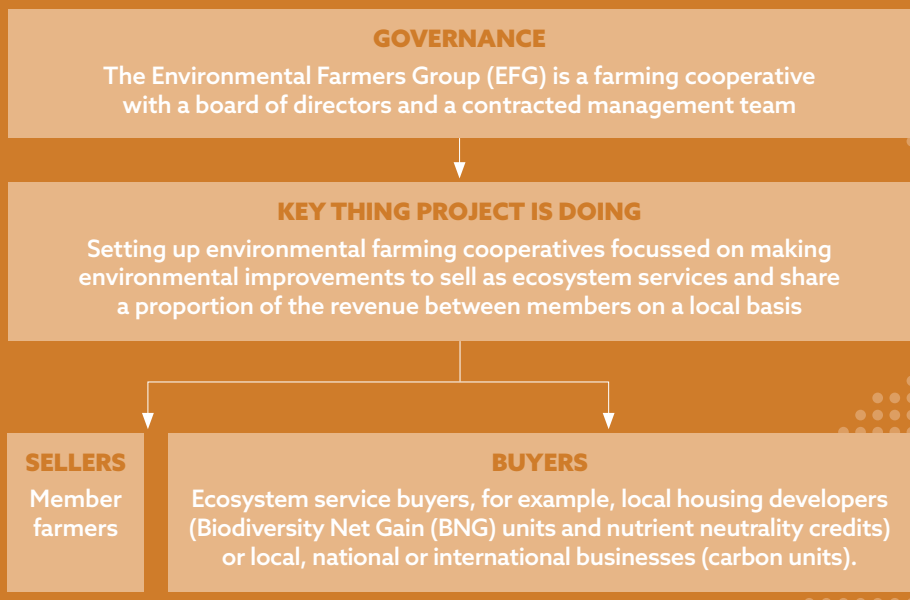
This is one of a suite of case studies of NEIRF funded projects, to highlight efforts to protect and enhance the natural environment, while generating revenue from ecosystem services.



Land managed by farmers

# ENVIRONMENTAL FARMERS GROUP: THE GREEN AVON VALLEY PROJECT

## HIGH LEVEL SUMMARY OF PROJECT



## Habitat and geographical location

-  Land managed by farmers including farmland
-  Woodland
-  Grassland and scrub
-  Rivers
-  Hedges
-  Southern England with expansion into the East Midlands and Northern Lincolnshire



## PROJECT OVERVIEW

**The EFG is a farmer-led membership cooperative made up of local farmers who wish to generate income by making environmental improvements on their land and selling ecosystem services. The EFG was formally launched in May 2022 in Hampshire and Wiltshire's River Avon catchment area following over a year of exploration and scoping of ecosystem service markets, and is now operating in four catchments.**

It was designed to support farmers to maximise the environmental and income potential of their land through accessing the following markets:

- **Biodiversity Net Gain** – selling BNG units to local developers.
- **Mitigating nutrient pollution in water** – selling nutrient mitigation units to local developers
- **Carbon sequestration (woodland and peatland)** – selling carbon credits to buyers including businesses who want to offset their carbon footprint.
- **Other voluntary markets** – selling nature credits or packaged environmental projects to organisations looking to demonstrate their commitment to nature.

EFG uses grant funding, sponsorship and membership fees to form new 'equalisation cells' where a local farmer steering group has built interest in an area. Each equalisation cell is a defined geographic area based on water management catchments. Each farmer pays a per hectare fee (for the hectares they have committed) to join as a member. As a member, they can earn income either through trading natural capital themselves or through 'equalisation', where a proportion of income from each trade is shared across the membership within the equalisation cell on a per hectare basis. EFG and its members identify trading opportunities which are negotiated by EFG and allocated to members according to a fair allocation policy.

As well as access to a wider marketplace and a share of other farmers' revenue, EFG membership provides farmers with:

- Guidance on tax, legal and tenancy advice with support of its partners.
- Market intelligence gathered by the EFG, shared via a dedicated portal.
- Information on natural capital markets, shared via a Newsround every 2 weeks.
- Additional guidance and support on various topics including a soil carbon technical review done for the organisation with NEIRF funding.
- Training and support on using the correct metrics to access ecosystem service market (for example how to use the BNG metric).

The model has been successful in generating revenue and has already generated over £1 million of income from nutrient trading in the Hampshire Avon catchment. It has a further pipeline of over 20 opportunities worth over £20 million in nutrient and BNG markets.

### EXAMPLE TRADE

#### The Hampshire Avon catchment

This was the first equalisation cell to be set up and is based on the Hampshire Avon Water Management Catchment. All building developments within this catchment area are affected by Nutrient Neutrality and therefore the local planning authorities require all new homes to have a phosphate mitigation solution in place. EFG has already completed two trades within the Hampshire Avon Catchment: the first enabled the building of over 100 homes through a mitigation solution involving the planting of trees along a stretch of river. The second was a temporary mitigation project involving cover cropping across multiple farmers' land. As of early 2024 the trading in this equalisation cell will return £3.20 per hectare for all farmer members within the Hampshire Avon equalisation cell.

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## PROJECT OVERVIEW CONTINUED





The Green Avon Valley Project aimed to support the EFG's growth, development of its infrastructure and members' understanding of ecosystem service markets. It used NEIRF funding to support the set-up of equalisation cells through activities such as funding BNG audits across member farms, intelligence gathering into nutrient markets and funding a technical assessment of soil carbon providers and work into carbon accounting. These activities and the evidence generated will demonstrate environmental outcomes to support trades with buyers.

The project also used the funding for marketing to attract new members, receiving a much higher response to their expression of interest than expected. As of October 2023, the EFG had 257 farmers and 140,000ha across four areas:

- Hampshire Avon
- Test & Itchen
- Dorset Stour & Poole Harbour Rivers
- Northern Lincolnshire

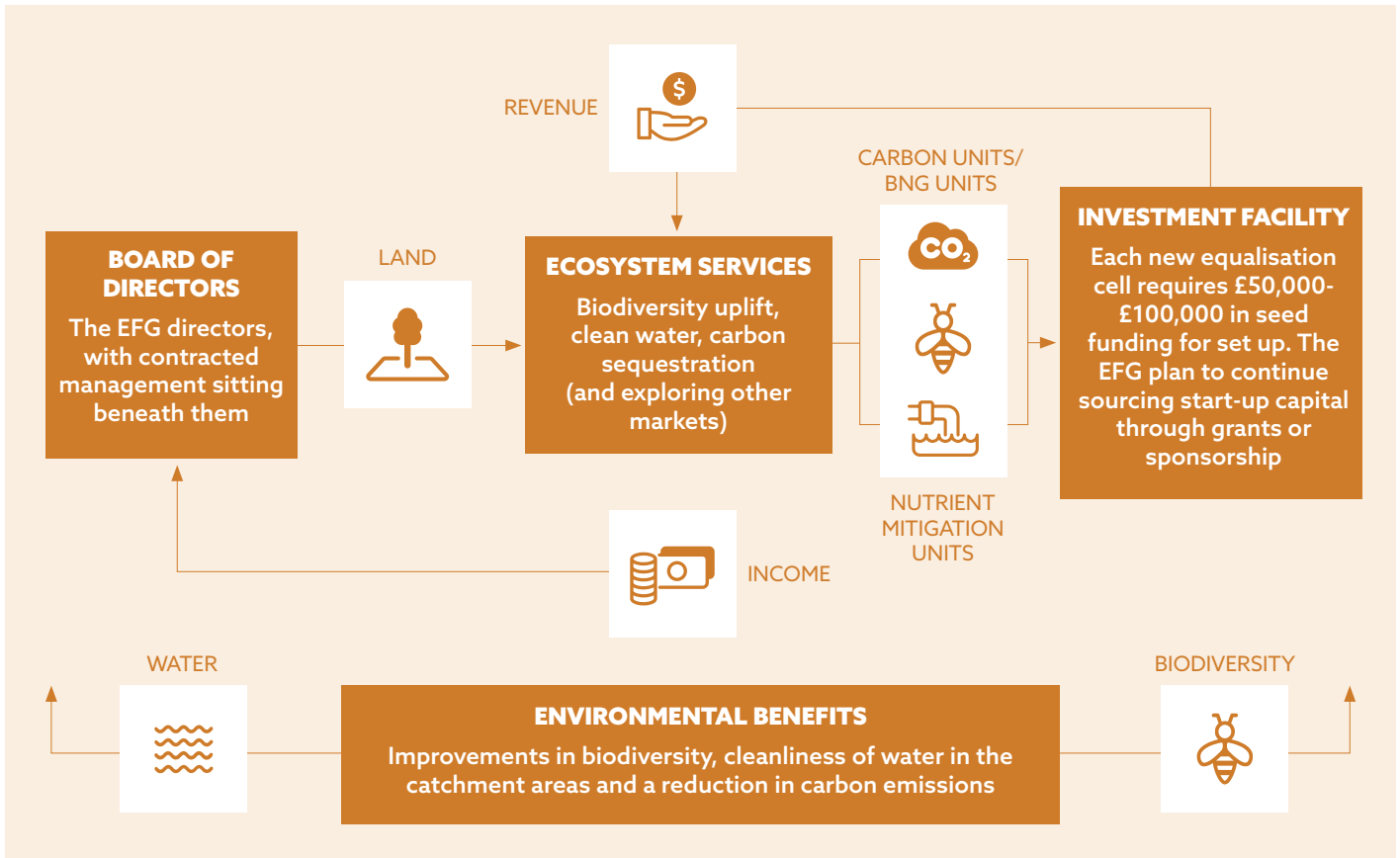
EFG plans to continue expanding membership and to create more equalisation cells in other parts of the UK, which cost between £50,000 and £100,000 each to establish. It also will continue to accelerate local trading opportunities to deliver new environmental projects across its membership whilst earning income for members. In addition, alongside the Game and Wildlife Conservation Trust the EFG is developing a Catchment Conservation Plan which will look at a cell's landscape as a whole to see where best environmental improvements can be made. It will also monitor farmers' progress towards meeting and exceeding local and national environmental targets.

## GOVERNMENT ENVIRONMENTAL GOALS

 Clean air	To produce carbon units, farmers will create woodland and <b>improving soil quality</b> , increasing carbon sequestration and uptake of other pollutants <b>leading to cleaner air</b> .
 Clean and plentiful water	Farmers will create interventions such as reed beds; wetlands; ditches and pools. This will <b>increase uptake and absorption of pollutants</b> and increase sediment retention that will work to <b>improve water quality</b> in their catchments.
 Thriving plants and wildlife	EFG supports its members to make <b>biodiversity improvements</b> including developing a self-assessment tool for biodiversity. This information can also be shared across the EFG and through advertising BNG units directly to developers. Interventions such as reed beds and wetlands will also <b>support biodiversity uplift</b> .
 Mitigating and adapting to climate change	Woodland planting will help to <b>remove carbon dioxide</b> , a major contributor to climate change, from the atmosphere. Farmers are also being trained and/or are sharing their knowledge in carbon accounting and how to manage soils and habitats to <b>maximise carbon sequestration</b> .



## OPERATING MODEL

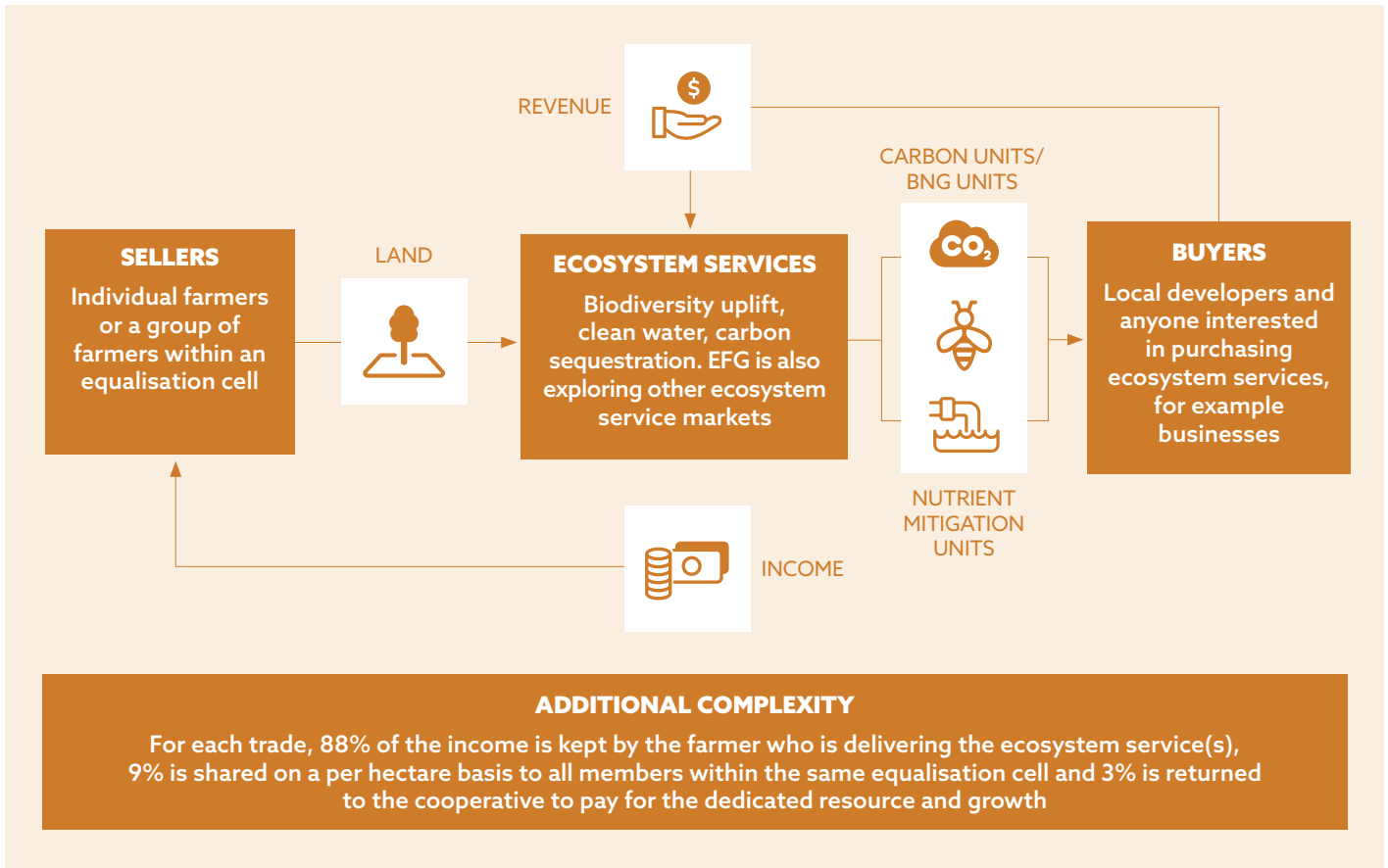


EFG has a board of directors and contracted management who provide support and facilitation to members, but ultimately decisions are made by members.



River Avon, Hampshire

## REVENUE MODEL



The EFG requires an initial grant of approximately £50,000-£100,000 and 10% of land area within a water management catchment to start a new equalisation cell. Once this is secured, the farmers pay a membership fee to the EFG of £1.25/ha. Farmers then generate revenue through selling ecosystem services. 3% of the revenue from these trades is returned to EFG to continue operating and supporting the cell, and a further 9% is shared across the other members of the cell on a per hectare basis. The cooperative has initially focussed on selling BNG units and nutrient mitigation credits, as well as some carbon credits. However, it is exploring more options for the future.



## INNOVATION

The EFG is innovative in its position as a farmer-led cooperative, established by and for farmers and landowners, to support them with ecosystem services sales. The governance of the EFG, with a board of directors and management, gives protection and support to the members within the developing market, and helps to facilitate revenue generation from environmental improvements. As well as delivering environmental benefits, the cooperative structure also maximises the revenue that is kept within rural communities.

## SCALABILITY AND REPLICABILITY

The model is replicable anywhere in England and EFG has continued to expand; launching a new cell in North Lincolnshire, outside Southern England where the other three cells are based. To create a new cell, alongside demand for membership, seed funding is needed. To set up a new cell the main costs are hiring a professional local coordinator and work to onboard the new group. However, now that a central EFG is fully set up, this process is easier, as much of the resources and experience that is already established can be used across the different cells.

Once set up, the main costs that face the cell are for staff, professional support and advice, research and development, and marketing. The larger the cell becomes, the more operational efficiencies can be made across the legal framework, collective marketing of services, and organisational governance.



## LEARNING POINTS

- **Use a farmer-led approach** – a farmer-led approach to conservation works. Many farmers are engaged in delivering environmental changes, but a high level of autonomy and/or co-design is important for full engagement in the process. Locally trusted figureheads championing the project and providing reach into the local community have helped to build credibility and trust.
- **Engage with key local stakeholders** – EFG was able to overcome many of the issues it has faced through close engagement with local networks and a fair, open-book approach to the market. Persistence and good communication have helped EFG overcome barriers such as working across different local planning authorities.
- **Consider different ways to achieve longevity of the business model** – In this case, the project is self-sustaining as farmers make revenue which is then shared across the group, ensuring more financial security for farmer members while also maintaining and growing the cooperative itself.

## WOULD YOU LIKE TO KNOW MORE?

If you would like to learn more about the Green Avon Valley Project or the Environmental Farmers' Group, please get in touch with Digby Sowerby at [efg@gwct.org.uk](mailto:efg@gwct.org.uk). For questions regarding NEIRF, please contact [NEIRF@environment-agency.gov.uk](mailto:NEIRF@environment-agency.gov.uk).

This case study was produced by Ecorys.